



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
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BOARD OF SUPERVISORS

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November 4, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFER OF SETTLEMENT
(ALL DISTRICTS AFFECTED - 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of Health Services or his designee to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts for patients who received medical care at a County facility:

- | | | | |
|-----|---------|---|-----------|
| (1) | Account | LAC+USC - 7889599 and other accounts for the same patient | \$175,000 |
| | Number | H/UCLA - 6317583 | |
| (2) | Account | H/UCLA - 5688805 | \$228,375 |
| | Number | | |

PURPOSE OF THE RECOMMENDED ACTION:

The compromise offer of settlement for patient account (1) is recommended because the patient is unable to pay the full amount of charges and the compromise offer represents the maximum amount the Department will be able to receive under the tort settlement involved in this case. The compromise offer of settlement for patient account (2) is recommended because the amount is the highest amount that could be negotiated with the patient's third party payer under the circumstances of this case, and receipt of such payer proceeds prevent further collection from the patient, except for possible beneficiary coinsurance or deductible obligations.

JUSTIFICATION:

The best interests of the County would be served by the approval of these compromises since it will enable DHS to maximize net revenue on these accounts.

FISCAL IMPACT:

This will expedite the County's recovery of partial payment totaling approximately \$403,375

FINANCING:

Not applicable.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On January 8, 2002 the Board approved an ordinance granting the Director of Health Services (Director) authority to reduce patient account liabilities when in the best interest of the County. The ordinance was adopted by the Board on January 15, 2002.

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

The compromise of these accounts is not within the Director's authority, so the Director is requesting Board approval of these compromises.

Typically, recoveries in tort settlements are divided into thirds – one third each to the plaintiff (patient), attorney, and lien holder(s), although the final result is always the product of negotiation. The County may therefore receive a higher or lower percentage depending on the circumstances of the case. Factors that affect the County's percentage include the number of other lien holders and the contractual agreement between the plaintiff and the lawyer.

CONTRACTING PROCESS:

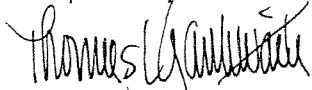
Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Maximizing net revenues on these accounts will help DHS to meet its budgeted revenue amounts.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:lg (R:\Astecker\CompromiseBrdLtr#25\Letter)

Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: November 4, 2004

| | | | |
|----------------------------------|-----------|------------------------|---|
| Total Charges | \$357,638 | Account Number | LAC+USC - 7889599 and other accounts. H/UCLA - 6317583 |
| Amount Paid | \$0 | Service Type | Inpatient & Outpatient |
| Balance Due | \$357,638 | Date of Service | LAC+USC - 5/31/02-7/8/02 and other dates for the same patient. H/UCLA - 7/3/04-7/9/04 |
| Compromise Amount Offered | \$175,000 | % Of Charges | 49% |
| Amount to be Written Off | \$182,638 | Facility | LAC+USC & H/UCLA Medical Centers |

JUSTIFICATION

This patient was involved in an accident in which he was electrocuted and suffered burns when a device he was using to trim trees came into contact with a high voltage power line. As a result of this accident, the patient was treated at LAC+USC and H/UCLA Medical Centers and incurred total inpatient and outpatient charges of \$349,310 for medical services rendered. The patient's third-party claim has been settled for \$650,000 and his attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement |
|---|--------------------|----------------------------|------------------------------|
| Attorney fees * | \$260,000 | \$216,667 | 33.3% |
| Attorney Cost | \$28,745 | \$28,745 | 1.7% |
| LAC+USC & H/UCLA Medical Centers | \$357,638 | \$175,000 | 27.0% |
| Net to Patient** | | \$250,000 | 38.0% |
| Total | | \$650,000 | 100.0% |

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to LAC+USC and H/UCLA Medical Centers.

* The patient's attorney has reduced his fees from 40% to 33.3%.

** Because of the severe nature of the patient's injuries, and the continuing medical issues they will present, it was appropriate for the patient to receive a substantial amount of the settlement as a fund for payment of future medical bills.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: November 4, 2004

| | | | |
|----------------------------------|-----------|-------------------------|-------------------|
| Total Charges | \$335,469 | Account Number | 5688805 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$335,469 | Dates of Service | 8/19/03 – 9/17/04 |
| Compromise Amount Offered | \$228,375 | % Of Charges | 68% |
| Amount to be Written Off | \$107,094 | Facility | H/UCLA |

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's third party payer HMO) under the circumstances of the case.